Appendix A:

"How to" Guidelines for Civilian Pay Rate Review

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1. Changes to Civilian Rate Process

The Civilian Pay Working Group (CPWG) has changed the method of building civilian pay rates by removing Rate Group from the rates and adding Sub Activity Group (SAG). These changes affect how rate levels are structured.

2. Purpose of Rate Review Procedures

The purpose of this document is to give stakeholders in the civilian rates process guidance on how to review their execution data so that they can identify and fix data anomalies before rates are built and locked for the budget process. Periodic reviews of the data make the rate and end year execution process more efficient. These reviews also give stakeholders the ability to address concerns they have about their rates during the time when changes can be made.

3. Prerequisites needed to analyze Execution Data

  a) Access to the official execution data.
  b) A method to pull data to represent the complete execution for a given command. Two possible methods being ACCESS and SQL.
  c) A method of analyzing data that is pulled. Excel is one possible analysis tool.

4. Where to find the Civilian Execution Data

Use your official source of Civilian Pay Execution data.

5. How to pull the Data

  a) What data fields should be included in the data pull:

In a data query you will need to include fields for DEPT, OA, SRC_FUND, ROC, PE8 (which is your APE), EOR, APPN, AmtDet, and Data_CD. First you will need to select Data_CD BJ for the cumulative obligations data and Data_CD 38 for the man months.

  b) What data should be excluded:

Exclude department 97 data, including SOF data. Some SOF data is included in the official rates but is rolled up using complicated business rules. The total amount of SOF is not large enough to bias this calculation for most rates. Except for working capital funds, exclude all reimbursable funds (SRC_FUND A and F.)

The following EORs are excluded (with the special exceptions as described) when developing the civilian pay rates:
  - Military EORs ('1198', '1199', '1210', '1220', '1250')
  - Overtime, except for TC 4930 (EORs with the first three characters in '11D', '14D', '16D', '28D')
  - EORs ending with 'W' (CTYPE 305)
  - NAF Retirement ('17M','12M','15M')
  - Separation Allowance ('12V', '15V', '17V', '28V') (except for '12VR', '15VR', '28V1','12RR')
  - Civilian PCS - TEMP QRTRS ('122') (Exclude for CONUS OA's   Include for OCONUS ROC/OA's *)
  - Civilian PCS - REAL ESTATE ('123')
  - Civilian PCS – OTHERS ('124')
  - Civilian PCS - RELOC TAXES ('126') (Exclude for CONUS OA's
  - Include for OCONUS ROC/OA's *)
  - Civilian PCS - RELOC BONUS ('127')
  - Civilian Relocation Bonus ('128')
  - Retention Allowance ('12E', '15E', '17E')
  - Recruitment Bonus ('12F', '15F', '17F')
  - All Object Class 13 ('13*')
  - Incentive/other Cash Awards ('11K', '14K', '16K')
  - Performance Cash Awards ('11S', '14S', '16S')
  - EORs ending in Z (12NZ, 15NZ, 17NZ)

*OCONUS ROC/Summary ROC = 78, 82, 89, 94, B7, B8, B9

- All Special MDEP data (VINJ, VX01, VX03, VMTS, VUPC), Currently the EORs for Special MDEPS are:

```
     EOR    description                              mdep
o  12JB  Mass Transit Subsidy                      VMTS
o  12RB  Civ Fed Employees Compensation Act        VINJ
o  13HB  VSIP TAX -15% Remittance to CSRDF         VX03
o  13TB  Civ Unemployment Compensation             VUPC
o  13Z*  Civ Separation Incentive - VERA VSIP      VX01
o  15JB  Mass Transit Subsidy                      VMTS
o  17JB  Mass Transit Subsidy                      VMTS
```

- For SESs also exclude EORs for Premium Pays. Currently the EORs for Premium Pays are:
```
o  11NF  Medical Premium Pay
o  11PF  Staffing Differential
o  11FF  Sunday Pay
o  11GF  Night Differential
o  11HF  Hazardous Duty/Environmental Pay
o  11JF  Post Differential
o  11LF  Other Premium
o  11QF  Supervisory Differential
o  11RF  Remote Work Site
o  11TF  Physician's Comparability
o  11UF  Foreign Language
o  11EF  Holiday Pay
```

Exclude APEs beginning with 135, 137, 84, 493, 136, 434789, '%89', 434714

c) How to pull a subset of the data for rates:

In order to do an analysis of the execution data and to check if a stakeholder's rates are within an acceptable range an analyst has to select the correct subset of data to review. Civilian pay rates are made at the summary ROC (first two characters of ROC), CTYPE, APPN, SAG (Sub Activity Group) level of detail.

i) How to determine CTYPE

Execution data may not contain CTYPE in the data fields. CTYPE can be derived from the EOR and can be found in the DEF_EOR table in the Probe database. Here is a quick reference:
101 - Graded (GS) Employees - U.S. Citizens (EOR ending with B or Z)
102 - Federal Wage Grade System - U.S. Citizens (EOR ending with C)
105 - Koreans (Direct Hire) (EOR ending with R)
110 - Other Direct Hire Foreign Nationals (EOR ending with T)
121 - Senior Executive Service & Civilian Executive Schedule (EOR ending with F)
124 - Graded Reserve Component Technicians (EOR ending with J)
125 - Federal Wage Sys - Reserve Component Technicians (EOR ending with K)
130 - HQDA Interns (EOR ending with 7)
202 - German Nationals (EOR ending with 2)
204 - Korean Service Corps (EOR ending with 1)
205 – **No rates** for Japanese Master Labor Contract (MLC) (EOR ending with 4)
206 - Other Indirect Hire Foreign National (EOR ending with 5)

305 - Special Opportunity Program (EOR ending with W)

6. How to Calculate Approximate Rates

a) How to annualize the data

The Civilian Pay Rates are based on twelve months of data. If you are doing a review that does not use twelve months of data you must adjust your execution data to approximate 12 months of data. For example, if you are performing a mid year review using March data then you would multiply both dollars and man months by 12/6 to get an annualized rate that will better compare to published rates.

b) How to convert man months to FTE

Next convert your man month data to whole work year full time equivalent (FTE) data for each record. This is done by dividing man month data by 12 and rounding to the nearest work year for each record.

c) SES rates

The SES populations are too small to calculate reliable rates at the MACOM level, so they are calculated at the Army wide level.

d) Accounting for Awards

In the EOR exclusion section (4. b) Incentive/other Cash Awards ('11K', '14K', '16K') and Performance Cash Awards ('11S', '14S', '16S') were taken out. For CTYPES 101, 102, 105, 110, 124, and 125 add 1% of the total for base pay '11B', '14B', and '16B' as the amount for awards. And for CTYPE 121 at 5% of total base pay '11B'.

e) How to account for special situation data

If there is a special situation that reduces Army costs, such as a burden sharing arrangement, you will have to review the execution data to be sure you are only capturing the net Army cost. If the execution data does not reflect the true costs to the Army, then the dollars should be adjusted according to the current burden sharing arrangement. Only an official agreement can be used for determining the adjustment.

f) How to calculate an approximate rate in the year of execution

Once you have the data, there is a simple way to check the rates. Take the cumulative dollars for the different types of employees and divide them by the work years for that type of employee. This will yield a total work year cost or a fully burdened rate with all budget benefits included in the rate.

g) How to age the rate to compare against the generated rate

Use the Pay Adjustment table found on the Civilian Pay rates website to find the foreign currency percent change (FC), pay raise percent (PR), and pay raise fiscal month PM for the year you are calculating.

To find the correct information in the table use the CTYPE associated with your rate to determine which CTYPE Group to get your data from. Pay adjust type F is for Foreign currency and P is for Pay raise.

Classified = CTYPE 101, 121, 124, 130   PR only, no foreign currency
Wage Board = CTYPE 102, 125   PR only no foreign currency
German = CTYPE 202
Japan = CTYPE 205
Korean = CTYPE 105, 204
Other = CTYPE 110, 206   PR only no foreign currency

Take the rate created above and perform the following steps:

For year of execution:
  1.) Find the Foreign currency adjustment, pay raise, and pay raise month in the table for the CTYPE and for the year you are calculating.
  2.) Fully Burdened AYSAL = Total Dollars/FTE
  3.) Annualization Fraction (AF) = (PR fiscal month-1)/12 (The pay raise occurs the first day of the month so a Jan 1 pay raise, PR fiscal month 4, is in effect for months 4-12 or 9 months. Making the Annualization fraction 3/12)
  4.) Dollars per FTE after payraise (DpFafterPR) = ((Burdened AYSAL)/(AF + (1 + PR)*(1-AF)))*(1+PR)

For year of execution + 1:
  5.) Find the Foreign currency adjustment, pay raise, and pay raise month in the table above for the CTYPE and for the year you are calculating
  6.) Dollars per FTE before pay raise (DpFbeforePR) = Dollars per FTE after pay raise from previous year (rate calculated in 4).
  7.) Dollars per FTE after foreign currency (DpFafterFC) = DpFbeforePR*(1+FC)
  NOTE: if there is no foreign currency change then DpFbeforePR = DpFafterFC

  8.) Dollars per FTE after pay raise = DpFafterFC*(1 + PR)
  9.) Fully Burdened AYSAL = AF*DpFafterFC + DpafterPR*(1-AF)

For year of execution +2:
  10.)   Find the Foreign currency adjustment, pay raise, and pay raise month in the table above for the CTYPE and for the year you are calculating
  11.)   Dollars per FTE before pay raise (DpFbeforePR) = Dollars per FTE after pay raise from previous year
  12.)   Dollars per FTE after foreign currency (DpFafterFC) = DpFbeforePR*(1+FC)
  NOTE: if there is no foreign currency change then DpFbeforePR = DpFafterFC

  13.)   Dollars per FTE after pay raise = DpFafterFC*(1 + PR)

14.)   Fully Burdened AYSAL = AF*DpFafterFC + DpafterPR*(1-AF)

Example: Rate for CTYPE 202 and year of execution = 2011
         Total dollars = 2,000,000 Total FTE = 200

For year of execution: 2011
    1.) Find the Foreign currency adjustment, pay raise, and pay raise month in the table above for the CTYPE and for the year you are calculating.
    FC = not used for execution year, PR = 2.2% or .022, Pay raise month = 4 (January)

    2.) Fully Burdened AYSAL = Total Dollars/FTE
    FB AYSAL = 2,000,000/200 = 10,000 dollars per FTE

    3.) Annualization Fraction (AF) = (PR fiscal month-1)/12 (from table above)
    AF = (4-1)/12 = 3/12=0.25

    4.) Dollars per FTE after payraise (DpFafterPR) = ((AYSAL)/(AF + (1 + PR)*(1-AF)))*(1+PR)
DpFafterPR = ((10000)/(.25 + (1 + .022000)*(1 - .25)))*(1 + 0.022) = 10054.1072

For year of execution + 1: 2012
    5.) Find the Foreign currency adjustment, pay raise, and pay raise month in the table above for the CTYPE and for the year you are calculating
    FC = 3.18% or .0318, PR = 3.5% or .035, Pay raise month = 4

    6.) Dollars per FTE before pay raise (DpFbeforePR) = Dollars per FTE after pay raise from previous year
    10054.1072

    7.) Dollars per FTE after foreign currency (DpFafterFC) = DpFbeforePR*(1+FC)
    NOTE: if there is no foreign currency change then DpFbeforePR = DpFafterFC

DpFafterFC = 10054.1072 *(1+0.0318) = 10373.8278

    8.) Dollars per FTE after pay raise = DpFafterFC*(1 + PR)
DpFafterPR = 10373.8278 *(1 + 0.35) = 10736.9118

    9.) Fully Burdened AYSAL = AF*DpFafterFC + DpafterPR*(1-AF)
Fully Burdened AYSAL = .25*10373.8278 + 10736.9118 *(1-.25) = 10646.1408

For year of execution +2: 2013
    10.)   Find the Foreign currency adjustment, pay raise, and pay raise month in the table above for the CTYPE and for the year you are calculating
    FC = 4.29% or .0429, PR = 2.9% or 0.029, Pay raise month = 4

    11.)   Dollars per FTE before pay raise (DpFbeforePR) = Dollars per FTE after pay raise from previous year

10736.9118

12.)   Dollars per FTE after foreign currency (DpFafterFC) = DpFbeforePR*(1+FC)

NOTE: if there is no foreign currency change then DpFbeforePR = DpFafterFC

DpFafterFC = 10736.9118 * (1 + 0.429) = 11197.5253

13.)   Dollars per FTE after pay raise = DpFafterFC*(1 + PR)
DpFafterPR = 11197.5253 *(1+0.029) = 11522.2536

14.)   Fully Burdened AYSAL = AF*DpFafterFC + DpafterPR*(1-AF)
FB AYSAL = .25*11197.5253 + 11522.2536*(1-.25) = 11441.07

NOTE: If needed, continue to apply the steps above to age rates additional years.

The rate you calculated above should be comparable to the generated rates. If your quick check of the raw data is within 5% of the rates generated, you are within an acceptable range and do not need to do further analysis.

The actual rates development process takes into account multiple other variables and uses complex algorithms to generate the rates. These processes include using several business rules in order to clean up and convert data from the raw data based on EORs into CTYPE data and in order to break out the dollar data into the dollar categories used in budget generation (BCOMP, OTIME, OCOMP, BBENE, CASHA, HOPAY, FEPER, SVPAY). Man Months are also converted to FTE and rounded to the nearest work year.

7. How to proceed when the approximate rate is not within guidelines:

a) Determine source of error

If the rate you calculated is more than 5% different you will need to do a more in depth analysis of your data. The typical cause for an abnormal rate is anomalies in the execution data. You will need to determine the source of the data error and determine the best course of action to correct the data problem and ensure the problem does not recur. Ideally you should review your execution data throughout the year, so the problem has not accumulated over the year and become more costly and time consuming to resolve. In most cases your Finance and Accounting office will be able to make the adjusting entries necessary to correct the problem.

b) Fact of life changes

If a fact of life change has occurred you will need to analyze the impact of the change. The specifics of the change will have to be determined based on the specific case.

c) Contacting DASA-CE with rate problems

If after performing the detailed analysis described above, you believe there is a problem with a specific rate, please see section 7, Where to find rate timelines, and follow the guidance for contacting DASA-CE

8. Where to find rate timelines and how to contact DASA-CE

Please consult the Guidance for Civilian Pay Rates Review Timing and Procedures document and follow the timeline and procedures found there.